

INTENDED USE PLAN
DRINKING WATER STATE REVOLVING FUND (DWSRF)
FY 2003 FEDERAL APPROPRIATION



Prepared by the
Tennessee Department of Environment and Conservation
Division of Community Assistance
and
Division of Water Supply

DWSRF Intended Use Plan for FY 2003

A. Introduction:

The Safe Drinking Water Act (SDWA) Amendments of 1996 (Pub. L. 104-182) were enacted into law on August 6, 1996. Congress added Section 1452 to the Act, which authorizes the Administrator of the U. S. Environmental Protection Agency (EPA) to establish a Drinking Water State Revolving Fund (DWSRF) program to further health objectives of the SDWA.

Section 1452 (b) requires each state to annually prepare an Intended Use Plan (IUP) identifying the use of funds in the DWSRF and describe how those uses support the goal of protecting public health. The following information must be included in the IUP to meet the requirements of the SDWA:

- Priority list of proposed loan projects, including project description and size of community
- Description of criteria and method used for distribution of funds
- Description of the financial status of the DWSRF program
- Description of the short- and long-term goals of the DWSRF Program
- Description of the set-aside activities, including the amount, that will be funded from the DWSRF capitalization grant

The Intended Use Plan (IUP) serves as the planning document for explaining how the fiscal year (FY) 2003 appropriations for the DWSRF program will be used. The State of Tennessee's (State) allotment of the FY 2003 federal appropriation for DWSRF is \$8,145,000. This plan describes how the State will meet the required 20% state match of \$1,629,000 and the intended uses of both the project loan funds and the set-aside or nonproject funds allowed under sections 1452 (g)(2) and 1452 (k) of the SDWA. The EPA capitalization grant, less set-aside funds, along with the state match will provide \$8,307,900 in project loan funds. Of that amount, 15%, or \$1,246,185 is required by section 1452 (a)(2) to provide loan assistance to systems serving fewer than 10,000 persons, to the extent that there are a sufficient number of eligible projects to fund. Tennessee's DWSRF does not have a separate loan program for disadvantaged communities.

B. List of Projects:

In accordance with Section 1452 (b), states must develop a list of projects that will receive funding in the first year after the grant award and a comprehensive priority list of eligible projects for funding in future years. Priority for the use of funds must be to projects that:

- Address the most serious risk to human health
- Are necessary to ensure compliance with the requirements of SDWA
- Assist systems most in need, on a per household basis, according to state “affordability criteria”

AFFORDABILITY CRITERIA

The methodology for assigning priority points based on health risk and compliance are explained in Part C of this IUP. The affordability criteria are used to prioritize projects that have the same number of points based on project need. Affordability criteria are based on the Ability to Pay Index (ATPI) established by the University of Tennessee Center for Business and Economic Research. Communities with greater economic need are given lower points and a higher ranking. The allocation formula uses a broad definition of fiscal capacity that includes per capita income, per capita property tax base, and per capita sales. The intent is to measure fiscal capacity in terms of the available resources for paying for services.

FINANCIAL, MANAGERIAL, AND TECHNICAL CAPACITY

The State is required under section 1452(a)(3) of the SDWA to develop a process to assess the technical, financial, and managerial capacity of water systems before a loan can be awarded. State law was amended March 10, 1998, to give authority to the Department of Environment and Conservation to require all new community water systems and new nontransient, noncommunity water systems commencing operation after October 1, 1999, demonstrate technical, managerial, and financial capacity to comply with the national primacy drinking water regulations and the provisions of the Tennessee Safe Drinking Water Act and the rules promulgated there under. The law was also amended to grant the Department authority to develop a strategy to assist public water systems in acquiring and maintaining technical, managerial and financial capacity. Regulations governing the Capacity Development Program in the State for new systems effective date was August 29, 1999.

In addition to the strategy, the State has two boards, which evaluate the technical, financial, and managerial capacity of water systems eligible for DWSRF loans. The Water and Wastewater Financing Board addresses cases of county and municipal government water systems. The Utility Management Review Board addresses cases of utility districts. Financial and managerial capacity will be assessed by staff to the boards that are located in the Division

of Community Assistance (DCA). Technical capacity will be assessed through the duties and responsibilities currently assigned to the Division of Water Supply (DWS). Loan applicants in significant noncompliance will be required to demonstrate to DWS that the DWSRF assistance will ensure compliance. DWS will certify that the loan applicant has or will have technical capacity that will allow the department to recommend the loan for approval to the Tennessee Local Development Authority Board.

Information detailing the name of the projects to be funded and the related assigned points, description, expected terms of financial assistance and population of the system's service area is included in Attachment 1. This attachment includes a comprehensive priority list with the priority points assigned to each project and the expected funding schedule for each project.

C. Description of criteria and method used for distribution of funds:

Section 1452 of the SDWA authorizes a drinking water revolving fund. This section of the federal law also authorizes the states to provide funding other than loans for certain activities related to drinking water called set-asides. States are required to describe in their Intended Use Plan the amount and intended use of these set-aside funds. The State may return all unused set-aside funds to the project loan fund. Set-asides may be used according to the SDWA for administering the loan fund, public water system supervision (PWSS), source water protection, capacity development strategy and other activities. Funds can be set-aside from each year's capitalization grant for the activities listed in this section. Funds to delineate and assess source water protection areas were only available from the FY97 capitalization grant. The amounts set-aside for wellhead protection cannot be banked for use in future years.

The State will determine uses of the capitalization grant that provide for the long-term viability of the fund. The State proposes to use the FY 2003 DWSRF for the following activities to accomplish the objective of directing funding toward the most pressing compliance and public health protection needs.

STATE SET-ASIDE ACTIVITIES

4% Administration (FY 2003 \$325,800)

Dept/Div.	Activity	Costs Related to	Comment
TDEC/DCA	Loan program administration	Personnel, rent, travel, supplies, training	Funds remaining will be banked for use in future years

10 % State Program PWSS (FY 2003 \$814,500)

Dept/Div.	Activity	Costs Related to	Comment
TDEC/DWS	Sanitary Surveys, investigation, publications, laboratory support	Personnel, rent, travel, supplies, training	Funds remaining will be banked for use in future years.

2% Small System Technical Assistance (FY 2003 \$162,900)

Dept/Div	Activity	Costs Related to	Comment
TDEC/DWS-DCA	Regulatory compliance assistance to water systems serving less than 10,000 persons	Contracts or interns	Funds remaining will be banked for use in future years.
Fleming Training Center	Technical training to water systems serving less than 10,000 persons	Equipment and supplies	Supplemental funding to existing training program

States are eligible to set-aside 15% of the FY 2003 capitalization grant for local assistance and other state program activities. No more than 10% of the grant may be used for any one activity. The allowed activities are described in Section 1452(k)(1)(C) of the SDWA. The State has chosen to set-aside 2% of the FY 2003 capitalization grant for the wellhead protection activity.

LOCAL ASSISTANCE AND OTHER STATE PROGRAMS

2% Wellhead Protection (FY 2003 \$162,900)

Dept/Div	Activity	Costs Related To	Comment
TDEC/DWS-GWMS	Accelerate the Wellhead Protection Program	Contracts or interns	Funds for these activities must be obligated within one year of the award date of the grant.

DIRECT LOANS TO ELIGIBLE COMMUNITIES

A total of 81% or \$6,678,900 of the \$8,145,000 FY 2003 capitalization grant plus the required 20% or \$1,629,000 State match will be reserved for direct loans to eligible communities. Of the total \$8,307,900 in loan funds, 15% or a minimum of \$1,246,185 will be used to provide assistance to small systems that serve fewer than 10,000 persons. The interest rate will be based on the community's ATPI as discussed in Section B. The rate will be zero to 100% of the interest rate reported on 20-year general obligation bonds published every Thursday in the Bond Buyers Index. Those communities that fall within the lower economic scale of the index will be eligible for a lower interest rate. The interest rate for Utility Districts whose service area lies in more than one county will be determined by utilizing the lowest ATPI of the counties involved. The term of the loan will be a maximum of 20 years or the useful life of the project, whichever is shorter.

Applicants for DWSRF loan funding must submit a request for funding along with a project description, cost estimate and project justification. As required by SDWA, projects are prioritized by risk to human health and compliance with SDWA. Upon a request for funding, projects are evaluated and assigned from 20 to 100 points depending on the health and compliance problems addressed by the project (Attachment 2). Seven categories of projects have been established which should cover all types of drinking water projects.

These categories will include:

1. Water Quality Problems
2. Source or Capacity
3. Water Storage
4. Leakage Problems
5. Pressure Problems
6. Replacement or Rehabilitation Projects
7. Water Line Extensions

Projects demonstrating the greatest risk to human health will receive the highest priority followed by projects addressing compliance problems and then projects addressing other needs.

The DWSRF may not provide assistance to any system that is in significant noncompliance with any national drinking water regulation or variance unless the State conducts a review and determines that the project will enable the system to return to compliance and the system will maintain an adequate level of technical, managerial and financial capability to maintain compliance.

Projects not eligible for funding are those primarily intended for:

- Future Growth
- Economic Development
- Fire Protection

The following projects and activities are not eligible for funding:

- Dams
- Reservoirs
- Water Rights
- Laboratory Fees for Monitoring
- Operation and Maintenance Expenses

DESCRIPTION OF PROJECTS IN THE FY 2003 FUNDING ZONE

DWSRF projects will be funded based on the FY 2003 project priority ranking list (PRL). Using the project cost estimates on the FY 2003 DWSRF PRL, 15% of the available loan funds will be set-aside for communities with a population of 10,000 or less. DWSRF funding is limited to the project costs delineated on the FY 2003 PRL. Funding may be limited to \$2.5 million dollars per loan from the FY2003 Capitalization Grant. The comprehensive PRL is Attachment 1 to this document. Upon receipt of the Capitalization Grant, DCA will contact all communities with high scoring projects according to the FY 2003 PRL. Communities that do not respond with a completed application within 120 days may be bypassed in order to fund the next highest-ranking projects that are ready to proceed. The Department will work with bypassed projects to ensure that the projects will be eligible for funding in the following fiscal year to the maximum extent possible. The State may substitute projects on an emergency basis. Such projects would include those where some type of failure was unanticipated and requires immediate attention to protect public health.

D. Description of the Financial Status of the DWSRF Program:

The table below details the total dollar amount in the DWSRF project fund and the total dollar amount used as set-asides:

Summary of Funds Available as a Result of the
Federal Capitalization Grants

1.	Prior Year Carry-Over Funds		\$ 8,047,751
2.	Principle & Interest Receivable in FY 2003	+	\$ 528,416
3.	FY 2003 Capitalization Grant	+	\$ 8,145,000
4.	Less Set-asides:		
	04% Administration	-	\$ 325,800
	10% PWSS (See Below)	-	\$ 814,500
	02% Small System Technical Assistance	-	\$ 162,900
	02% Wellhead Protection	-	\$ 162,900
5.	81% Balance to Project Fund	=	\$ 6,678,900
6.	20% of FY 2003 Capitalization Grant matched by State	+	\$ 1,629,000
7.	DWSRF Project Fund	=	\$ 16,884,067

The PWSS set-aside requires a dollar for dollar state match in addition to the 20% state match of the capitalization grant. At least one-half of the state match funds provided by the State must be in addition to the amount the State expended for the PWSS program in FY93. Required State match dollars have been appropriated in the State budget for FY 2003. The 20% match of \$1,629,000 will be deposited into the DWSRF project fund during FY2004 and any interest earned on the match dollars will be credited to the DWSRF project fund.

Attachment 3 provides a schedule for proposed binding commitments based on the project dollars available and is a basis for the disbursements schedule. Attachment 4 identifies a disbursement schedule over eight quarters for the FY 2003 capitalization grant. The schedule applies to all funds in the capitalization grant, including those funds that are used for set-aside activities.

E. Short and Long-Term Goals/Objectives:

As required by the SDWA, the State is to identify the goals and objectives of its DWSRF Program. The goals as described below are not presented in any priority order.

The State has the following long-term goals and objectives for the DWSRF Program:

Goal #1: Maintain a self-sustaining revolving loan program through the DWSRF to provide local governments in Tennessee low-cost financial assistance for projects to assure affordable drinking water, which complies with the SDWA.

Objective 1.A: To ensure financial stability of loan recipients by reviewing the financial history, loan security, and proposed user rates of loan applicants.

Objective 1.B: To ensure the use of accounting, audit, and fiscal procedures that conform with generally accepted government accounting standards.

Objective 1.C: To obligate funds in a timely manner and provide technical and administrative assistance for efficient project management.

Goal #2: Protect and enhance the water quality in Tennessee by ensuring the technical integrity of funded projects.

Objective 2.A: To ensure adequate and effective project planning, design, and construction management.

Objective 2.B: To maintain a priority ranking system and offer available funds to projects with the highest priority points that are ready to proceed.

In addition to these long-term goals, the State has the following short-term goals for the DWSRF program.

Goal #3: Maximize funds available in the DWSRF program through cooperation with the Environmental Protection Agency (EPA).

Objective 3.A: To prepare and submit an annual Intended Use Plan (IUP); and prepare and submit along with the IUP an application for the Capitalization Grant.

Objective 3.B: To actively promote and pursue all potential borrowers, which have needed eligible projects.

Objective 3.C: To submit an annual report to EPA covering the accomplishments of the IUP.

Goal #4: Manage an effective and efficient DWSRF Program.

Objective 4.A: To prepare and update administrative policies and guidance and standard operation procedures for the DWSRF program.

Objective 4.B: To coordinate and work with the Comptroller of the Treasury to ensure the best financing alternative to local governments.

Goal # 5: Direct the necessary resources for Section 1452 (g)(2) and 1452 (k) toward the State's most pressing compliance and public health protection needs.

Objective 5.A: To provide supervision and technical assistance to public water systems.

Objective 5.B: To assist development and implementation of local drinking water protection initiatives.

F. Description of Set-Aside Activities:

The provisions of 1452(g)(2) provide for states to use up to ten percent of the revolving loan fund capitalization grant for the following purposes:

- (a) For public water system supervision programs under section 1443(a);
- (b) To administer or provide technical assistance through source water protection programs;
- (c) To develop and implement a capacity development strategy under section 1420; and
- (d) For an operator certification program for purposes of meeting the requirements of Section 1419, if the state matches the expenditures with at least an equal amount of state funds. At least half of the match must be additional to the amount expended by the state for public water system supervision in fiscal year 1993.

An additional two percent of the funds annually allotted to each state under this section may be used by the state to provide technical assistance to public water systems serving 10,000 or fewer persons in the state. Funds utilized under paragraph (b) shall not be used for enforcement actions. The State's portion of the total state revolving loan fund federal appropriation for FY 2003 is \$8,145,000. The State plans to set-aside ten percent of this money for the uses described above. The Division of Water Supply intends to use the set-aside money to conduct the following activities and purchase equipment and supplies:

DRINKING WATER ACTIVITY
Review Engineering Plans
Technical Assistance Visits
Complaint Investigations
Construction Inspections
Community Sanitary Surveys
Non-transient Noncommunity Surveys
Transient Noncommunity Surveys
Public Hearings
Public Presentations
Technical Seminars

These activities would be accomplished by the equivalent of 20 full-time employees. The Tennessee Division of Water Supply would use the majority of the set-aside money to continue the existing level of activity rather than expand the public water system supervision level. Every effort would be made to incorporate the source water protection and capacity activities into the technical assistance provided to public water systems. In addition to continuing existing activities DWS would propose to use set aside money to continue addressing issues raised by the 1996 amendments to SDWA.

The public water system supervision program includes such activities as sanitary surveys; construction inspections; complaint investigations; record keeping and evaluation of water quality data; and, monitoring requirements for public water systems. The set-aside would also be used to pay for travel, rent, supplies, communications, printing, and laboratory support. Other services include dealing with problems associated with the managerial, technical and financial capacity of public water systems.

The State already overmatches sufficient federal money to qualify as meeting the matching requirements needed to be eligible for these set-aside funds. Funds not expended during FY 2002 are carried over into FY 2003. Any excess funds not expended can also be returned to the DWSRF project fund if not needed for the PWSS program.

The State plans to use a portion of the set-aside money from the DWSRF to conduct public water system operator training activities. Training primarily is conducted at the Department's Fleming Operator Training Center. This money will be used to supplement the existing training program already in place. It utilizes the current staff of ten persons.

G. Assurances and Specific Proposals:

The State shall provide the necessary assurances and certifications described in the Operating Agreement submitted as part of the Capitalization Grant Application. This Operating Agreement is the official agreement between the State and EPA.

Pursuant to Section 1452 of the SDWA, the State certifies that:

- (1) The State has the authority to establish a DWSRF project loan fund and to operate the DWSRF program in accordance with the SDWA.
- (2) The State will comply with its statutes and regulations.
- (3) The State has the technical capability to operate the program.
- (4) The State will accept capitalization grant funds in accordance with a payment schedule.
- (5) The State will deposit all capitalization grant funds in the DWSRF project fund or set-aside account.
- (6) The State will provide an amount at least equal to 20 percent of the capitalization grant (State match) in the DWSRF project fund.
- (7) The State will deposit interest earnings and repayments into the DWSRF project fund.
- (8) The State will match capitalization grant funds the State uses for 1452 (g)(2) set-asides.
- (9) The State will use Generally Accepted Accounting Principles.
- (10) The State will have the DWSRF project fund and set-aside account audited annually in accordance with General Accepted Government Auditing Standards.
- (11) The State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments.
- (12) The State will commit and expend funds as efficiently as possible, and in an expeditious and timely manner.
- (13) The funds will be used in accordance with the IUP.
- (14) The State will provide EPA with a Biennial Report.
- (15) The State will comply with all federal cross-cutting authorities.

In addition, the State certifies that it will conduct environmental reviews on water system projects in satisfying the NEPA-like requirements. The State's NEPA-like procedures are contained in the approved Operating Agreement.

Section 1452 of the SDWA requires the State to complete and submit a Biennial Report on the uses of the DWSRF program. The State intends to submit an annual report to EPA on the DWSRF. This report will contain detailed information on how the State has met the goals and objectives of the previous year as stated in the IUP and capitalization grant agreement.

H. MBE/WBE Goals:

In accordance with federal Executive Order 11625 dated October 13, 1971, and Executive Order 12138 dated May 18, 1979, the local government must make a good faith effort to include participation from minority and women's businesses in sub-agreement awards. The MBE fair share goal is 2.6% for construction and 6.6% for supplies, services and equipment. The WBE fair share goal is 2.6% for construction and 6.6% for supplies, services and equipment.

I. Public Review and Comment:

A public meeting was held on May 15, 2003, in Nashville to review the IUP for FY 2003 and to receive comments on the IUP. The State formally issued a public notice on April 14, 2002 to solicit participation in the public meeting. Over seven-hundred notices were sent to local governments, including municipalities, counties, and utility districts, consulting engineers, and interested parties which are included in the Division's mailing list. A copy of the IUP is posted on the Departments website located at <http://www.state.tn.us/environment/dca/>. A summary of the public meeting is on file in the Tennessee Department of Environment and Conservation (TDEC), Division of Community Assistance (DCA).

ATTACHMENTS

1. Drinking Water SRF FY 2003 Priority Ranking List
2. Priority Point Criteria for DWSRF Projects
3. DWSRF Capitalization Grant Binding Commitment Schedule
4. DWSRF Capitalization Quarterly Disbursements Schedule
5. Public Notice, April 15, 2003

DRINKING WATER STATE REVOLVING FUND

Priority Ranking List FY 2003

Attachment 1

Rank	Points	Local Government	Project Description	PL \$ Amount	Population Served	ATPI	Loan Term	% to Market	Est Loan Award	Project Start	Project Complete
*	80	Loudon	Sunnyside water line extension	\$ 75,822	4,476	96.25	20	50%	July 2003	Jan 2003	Nov 2003
*	60	Loudon	Water treatment plant expansion	\$ 815,000	4,476	96.25	20	50%	July 2003	Feb 2003	Aug 2004
*	45	LaFollette	West End Service Area Distribution System Improvements - Pump Station, lines, 0.5 MG tank	\$ 1,060,000	20,750	80.37	20	20%	July 2003	April 2004	Dec 2004
*	45	Harriman UB	Extend water lines along Pine Ridge Road to Highway 70 at Midtown.	\$ 1,192,500	9,108	87.63	20	40%		Jan 2004	Spring-2005
*	45	Spring City	Project 1 - Intake Improvements	\$ 50,000	2,025	88.04	20	40%		Spring-04	Summer-04
*	20	Water Authority of Dickson	West Piney Storage Tank	\$ 497,000	35,000	100.54	20	50%	July 2003	Mar 2004	Sept 2004
*	20	Morristown	Plant Expansion	\$ 1,000,000	24,965	101.63	20	50%	July 2003	Jan 2003	Jan 2005
1	80	Livingston	Raw water intake and new water plant	\$ 12,100,000	3,498	92.43	20	40%	Aug 2004	Fall 2004	Fall 2005
2	60	Ocoee Utility District	Ball Play Road water line extension	\$ 465,000	14,279	86.83	20	30%	Mar 2004	July 2004	Dec 2004
3	40	Henderson	10 miles of distribution lines along Hwy 100, Rabbit Ranch Rd., Guy McAdams Rd., Trice Rd., Deerfield Creek and Kenbridge Cove	\$ 1,000,000	5,670	80.67	20	20%	Mar 2004	June 2003	Aug 2004
4	40	Ocoee Utility District	Springplace Road water line replacement	\$ 450,000	14,279	86.83	20	30%	Mar 2004	July 2004	Nov 2004
5	40	Ocoee Utility District	Highway 64 water line replacement	\$ 500,000	14,279	86.83	20	30%	Mar 2004	July 2004	Dec 2004
6	40	Hallsdale Powell Utility District	New 4.0 MGD water plant in Sharps Chapel area.	\$ 11,500,000							
7	20	Jefferson City	Water plant expansion	\$ 5,000,000	7,760	77.4	20	20%	Jan 2004	Jan 2004	Dec 2004
8	20	Ocoee Utility District	Old Fort water tank project	\$ 600,000	14,279	86.83	20	30%	Jun 2004	Aug 2004	Mar 2005
9	20	West Cumberland UD	New water plant	\$ 2,300,000	5,530	91.5	20	40%	Jan 2004	Mar 2004	Mar 2005
10	20	Water Authority of Dickson	Construct new 2.0 MG water tank in industrial park area and approx. 2,000 feet of pipe and valves	\$ 1,200,000	35,000	100.54	20	50%	Jan 2004	Mar 2004	June 2004
TOTALS				\$ 40,729,500							

* - DCA currently working with from previous PRL's

Attachment 2

STATE OF TENNESSEE PRIORITY POINTS FOR DRINKING WATER SRF PROJECTS

1. Water Quality Problems

- 100 Points - disease outbreak or acute health risk
- 80 Points - chronic water quality problems
- 60 Points - potential water quality problems
- 40 Points - operational problems
- 20 Points - other

2. Source or Plant Capacity

- 80 Points - water shortage or rationing
- 60 Points - 80% capacity rule
- 40 Points - exceeding capacity on peak days
- 20 Points - projected need within 10 years

3. Water Storage

- 80 Points - less than 50% daily demand
- 60 Points - 50 to 75% daily demand
- 40 Points - 75 to 100% daily demand
- 20 Points - 100 to 125% daily demand

4. Leakage Problems

- 80 Points - 50% or greater water loss
- 60 Points - 40 to 49% water loss
- 40 Points - 30 to 39% water loss
- 20 Points - 20 to 29% water loss

5. Pressure Problems

- 80 Points - pressure consistently less than 20 psi
- 60 Points - pressure periodically less than 20 psi
- 40 Points - pressure occasionally less than 20 psi
- 20 Points - pressure marginal (20 to 30 psi)

6. Replacement or Rehabilitation projects

- 80 Points - essential equipment failure
- 60 Points - essential equipment deteriorated & near failure
- 40 Points - non-essential equipment failure
- 20 Points - non-essential equipment deteriorated

7. Water Line Extensions

- 100 Points - special acute health problems
- 80 Points - exceeding drinking water limits or without water
- 60 Points - nuisance or quantity problems
- 40 Points - extend public water to private well supplies
- 40 Points - water line relocations and upgrades

DRINKING WATER SRF – PRIORITY POINTS NARRATIVE

Water systems requesting loans for water projects through the DWSRF will be assigned priority points based on instructions given in The Safe Drinking Water Act (SDWA). The SDWA instructs states to utilize DWSRF funds to address risks to human health, compliance with the Act, and to assist systems most in need on a per household basis. Tennessee has established a priority ranking system, which will comply with the instructions in the SDWA. Priority points will be assigned on a 100-point scale based on the severity of the problem. The only projects eligible for the maximum of 100 points will be those that address serious, acute risks to human health. Other projects will be assigned 20, 40, 60 or 80 points depending on the severity of the problem and whether a compliance problem exists. Projects requesting funds for ineligible activities such as fire protection, dam construction or future growth will not be assigned priority points. Projects that receive the same priority points will be ranked according to the ability to pay index for each community. This will satisfy the SDWA requirement to assist systems most in need on a per household basis. Seven categories of projects have been established which encompass all types of water system projects.

Attachment 3

DWSRF BINDING COMMITMENT SCHEDULE

<u>Quarter</u>	<u>Amount</u>
October 1, 2003 - December 31, 2003	1,500,000
January 1, 2004 - March 31, 2004	1,500,000
April 1, 2004 - June 30, 2004	2,000,000
July 1, 2004 - September 30, 2004	1,500,000
October 1, 2004 - December 31, 2004	1,000,000
January 1, 2005 - March 31, 2005	645,000
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Total	\$8,145,000

Attachment 4

DWSRF QUARTERLY DISBURSEMENTS SCHEDULE
AUTOMATED CLEARING HOUSE DRAWS
(Quarters are based on Federal fiscal year)

FY 2003

Qt 1	\$	0
Qt 2		0
Qt 3		0
Qt 4		0

FY 2004

Qt 1		0
Qt 2		500,000
Qt 3		1,000,000
Qt 4		1,000,000

FY 2005

Qt 1		2,000,000
Qt 2		1,000,000
Qt 3		1,000,000
Qt 4		1,645,000

Total		\$8,145,000
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STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
Division of Community Assistance
8th Floor, L & C Tower
401 Church Street
Nashville, TN 37243-1533

April 15, 2003

PUBLIC NOTICE

**TO ALL POTENTIAL STATE REVOLVING FUND (SRF) LOAN APPLICANTS
AND INTERESTED PARTIES:**

CLEAN WATER SRF (CWSRF) LOAN PROGRAM:

The Tennessee Department of Environment and Conservation (TDEC), Division of Community Assistance (DCA) is in the process of applying for fiscal year (FY) 2003 EPA Capitalization Grant for the CWSRF loan program. The FY 2003 EPA CWSRF grant allotment to Tennessee is \$19,240,551 and requires a twenty percent (20%) state match of \$3,848,110.20.

DRINKING WATER SRF (DWSRF) LOAN PROGRAM:

The Tennessee Department of Environment and Conservation (TDEC), Division of Community Assistance (DCA) is in the process of applying for fiscal year (FY) 2003 EPA Capitalization Grant for the DWSRF loan program. The FY 2003 EPA DWSRF grant allotment to Tennessee is \$8,145,000 and requires a twenty percent (20%) state match of \$1,629,000.

DCA will conduct public meetings on **Thursday, May 15, 2003, at 1:00p.m. CDT** for CWSRF and **2:00p.m. CDT** for the DWSRF in the **17th Floor Conference Room B of the L & C Tower, 401 Church Street, Nashville, Tennessee**, to present and receive comments on the FY 2003 Intended Use Plan for the CWSRF capitalization grant application and the FY 2003 Intended Use Plan for the DWSRF capitalization grant application.

The Intended Use Plan includes the priority list of potential loan recipients, the intended uses of the set-asides for non-project activities, program goals, and explanation of the priority system and affordability criteria. The Draft and amended IUP's will become final following a ten (10) day comment period after the public meeting.

If you are unable to attend the meeting, but would like to review the CWSRF FY 2003 Intended Use Plan, or the DWSRF FY 2003 Intended Use Plan or both, please contact James Smith, DCA at (615) 532-0457. All comments must be received in our office no later than May 25, 2003. Comments may be mailed to the letterhead address above, or submitted on the Internet via e-mail to James.E.Smith@state.tn.us, or sent to facsimile number (615) 532-0199.

Individuals with disabilities who wish to participate in these proceedings (or to review these filings) should contact the Tennessee Department of Environment and Conservation to discuss any auxiliary aids or services needed to facilitate such participation. Such contact may be in person, by writing, telephone, or other means and should be made no less than ten days prior to the scheduled meeting date (date such party intends to review such filings), to allow time to provide such aid or services. Contact the Tennessee Department of Environment and Conservation ADA Coordinator, John White, 12th Floor L&C Tower, 401 Church Street, Nashville, Tennessee 37243, (615) 532-0207. Hearing impaired callers may use the Tennessee Relay Service (1-800-848-0298).